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DIA and DOS review(s) completed.

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GENERAL

1. US seeks revision of Evatt's Spanish resolution--The State Department has suggested that Herschel Johnson try to persuade Evatt to revise his original resolution on Spain which expressly mentions a diplomatic break. The Department approves the provision for transmitting to the General Assembly the evidence and reports of the Subcommittee, but believes the Council recommendation should merely provide that, unless the Franco regime is withdrawn and political freedom in Spain fully established, the Assembly shall take whatever action "it deems appropriate at the time." If Evatt objects to this text, the US would favor a Council recommendation that the Assembly "determine" whether to recommend that UN members "terminate" diplomatic relations with Franco, or to take "any other action." If attempts to change the Evatt resolution fail, Johnson is instructed to vote for the resolution but to stress that the US undertakes no commitment as to its later position in the Assembly.

EUROPE-AFRICA

2. FRANCE: Communist tactics--Embassy Paris was told recently by a Communist leader that (a) the Communists would launch a campaign to discredit the US-French financial agreement, and begin with an attack on "the sacrifice of protection for the movie industry," and (b) the CGT has scheduled a strike in the movie industry this week. Caffery reports that the campaign already is under way. He expects it to be extended to other clauses of the agreement.
3. VENEZIA GIULIA: Tension increases but coup only "possibility"--The Supreme Allied Commander Mediterranean, in view of the increased tension in Venezia Giulia, has moved the Sixth Armored Division forward to permit more rapid troop deployment "in case of necessity." SAC does not feel justified in requesting reinforcements from USFET, since he believes that a Yugoslav coup against Trieste is as yet no more than a "possibility."
4. YUGOSLAVIA: Further report on Soviet troops--The US Military Attache Belgrade has learned from British observers that since the latter part of May, several trainloads of Soviet troops and equipment

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moved to Bitolj near the Yugoslav-Greek border apparently for training maneuvers. (On 28 May the US representative in Tirana received reliable reports that eight or nine thousand Soviet troops were in southern Yugoslavia; [REDACTED])

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5. RUMANIA: Proposed Ambassador to US--US representative Berry in Bucharest has received a "personal message" from Premier Groza stating that (a) Bagdasar, Rumanian Ambassador-designate to the US, is seriously ill and cannot go to his post in the US, and (b) the Premier proposes to nominate instead Mihail Ralea, a former supporter of King Carol and reportedly a "secret member" of the Communist Party. Berry has replied that Groza should be prepared for an unfavorable US reaction.

6. RUMANIA: Release of arrested US employees unlikely--General Schuyler, US delegate ACC, reports that (a) the release of US-employed Rumanian citizens "has now become a question of principle"; (b) the Rumanian Government, with Soviet backing, will refuse to release the arrested employees; and (c) he now believes that "further discussion on ACC levels would be fruitless." (Schuyler had previously believed that the matter could be settled locally; [REDACTED])

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[REDACTED] Government orders violence against opposition--Schuyler has received from a "reliable official" of the Groza Government copies of two Government orders issued in April, which (a) instructed all prefects to use the "severest measures," including violence, against opposition leaders touring the provinces during the Easter period, and (b) promised commendation and financial rewards to local officials who distinguished themselves in execution of these orders. Schuyler comments that these orders constitute the first documentary proof that the Government has oppressed the opposition parties in violation of the Moscow agreement.

7. IRAN: Qavam's "totalitarian" tendencies--Ambassador Allen fears that "Iran's independence and civil liberties" may be seriously endangered by Qavam's tendency (a) to appease the USSR and leftist Iranian elements and (b) to employ totalitarian tactics in crushing "internal opposition from the Right." Allen proposes to remind Qavam that the US public will react unfavorably to dictatorial methods in elections.

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He believes that in a "relatively free" election there is "little chance" of a Soviet-dominated majority in the Parliament which is the "ultimate safeguard of Iran's independence."

Soviet "timing"--Ambassador Smith, commenting on the possibility of a Soviet-supported coup by Qavam, expresses the belief that the USSR is likely to "proceed slowly," since "the Kremlin can calculate that in Iran time is on the Soviet side." Smith states that the USSR "presumably" still aims at the eventual capture of the Iranian Government "through one means or another."

FAR EAST

8. SIAM: US suggests French promise border adjustment--The State Department is urging the French Government to announce publicly that it will be prepared, when Siam returns the territories seized from Indochina in 1941, to negotiate a mutually satisfactory Siam-Indochina boundary. The US would then be prepared again to urge Siam (a) to expedite return of the disputed territory and (b) to disarm and disperse unruly elements in the area of the recent incidents.
9. CHINA: Soviet control of Dairen--US Consul General Dairen, in a message transmitted via a US vessel which entered the port, reports that the Soviet Military "control everything" in Dairen and insist that the port is closed. He adds that his office operates unrestricted, but that Soviet officials are uncooperative.

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